United Nations A/58/286

General Assembly

Distr.: General
18 August 2003
English
Original: Spanish

**Fifty-eighth session**
Item 41 (b) of the provisional agenda*
**Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions**

# International assistance to and cooperation with the Alliance for Sustainable Development of Central America

## Report of the Secretary-General**

*Summary*

The present report is in response to resolution 56/105, of 14 December 2001. It refers to the efforts being made by the Central American Governments and people to recover from the devastation of natural disasters and to utilize the reconstruction process as an opportunity to transform their societies within the framework of the Alliance for Sustainable Development of Central America and to catalyse further international support for their national efforts to make the region a zone of peace, freedom, democracy and development. In this context, the cooperation of the United Nations system with other regional and subregional organizations to stimulate sustainable development in Central America should be highlighted.

* A/58/150.

** The submission of the report was delayed to allow the time necessary for its proper review and approval by the relevant departments.

03-47043 (E) 150903 240903

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# I. Introduction

1. The present report is submitted pursuant to the following General Assembly resolutions: 50/58 B of 12 December 1995, 52/169 G of 16 December 1997, 54/96 E of 15 December 1999, and 56/105 of 14 December 2001. It describes the international cooperation activities of the United Nations Development Programme (UNDP) and other organs, organizations and programmes of the United Nations carried out during the period from August 2001 to December 2002, in support of efforts of the Central American countries to implement a new sustainable development strategy in the region.

2. The General Assembly, in resolution 49/21 I, of 20 December 1994, emphasized the need to design and implement a new programme for international economic, financial and technical cooperation and assistance for Central America, based on the priorities laid down in the Declaration of Commitments adopted by the Follow-up Committee of the International Conference on Central American Refugees and in the Alliance for the Sustainable Development of Central America (ALIDES).

3. In resolution 50/58 B, the General Assembly emphasized the importance of supporting and strengthening the new programme for international cooperation and assistance for Central America and reiterated that only by solving the political, economic, social and environmental problems that are the cause of tensions and conflicts in society would it be possible to avoid a reversal of achievements and guarantee a firm and lasting peace in Central America.

4. In resolution 54/96 E, the General Assembly emphasized the importance of supporting and strengthening the efforts of Central American countries to implement the Strategic Framework for the Reduction of Vulnerability and Disasters in Central America, adopted by their Presidents in 1999, and the projects and programmes of the Central American Quinquennium for the Reduction of Vulnerability to and the Impact of Natural Disasters (see A/54/630, annex), and the initiative to introduce a new and innovative approach of the Meso-American Biological Corridor. It also recognized the importance of the preparations made regarding the meeting of the Inter-American Development Bank (IDB) Consultative Group on the regional aspects of the reconstruction of Central America, to be hosted by the Government of Spain in Madrid in 2000.

5. In its resolution 56/105, the Assembly reiterated the importance of supporting and strengthening the efforts of the Central American countries to implement the Strategic Framework for the Reduction of Vulnerability and Disasters in Central America and the projects and programmes of the Quinquennium for the Reduction of Vulnerability to and the Impact of Natural Disasters in Central America, noted the efforts and achievements relating to mine clearance in Central America, and noted with appreciation the revision of the subregional cooperation programme in Central America of UNDP, and the progress achieved in the establishment of the Meso-American Biological Corridor. It again stressed the need for the international community to maintain its cooperation and assistance with the Central American countries to support the promotion of sustainable development and the consolidation of peace, freedom and democracy in the region, and requested the organs, organizations and programmes of the United Nations system, international financial institutions and regional and subregional organizations to continue providing the

support needed to attain the objectives of the programme for the sustainable development of Central America, including those which are being pursued within the framework of the Quinquennium for the Reduction of Vulnerability to and the Impact of Natural Disasters in Central America.

## II. The macroeconomic framework

6. According to the Economic Commission for Latin America and the Caribbean (ECLAC), per capita economic growth in the Central American isthmus continued to decline in 2002 for the second consecutive year. The average annual rate of growth of gross domestic product (GDP) in Central America was 1.9 per cent, after reaching 1.5 per cent the previous year and 3 per cent in 2000. Consequently, per capita GDP fell by 0.6 per cent. The only countries not affected by this trend were El Salvador and Costa Rica, whose per capita GDP grew by 0.4 per cent, while in the other countries the decline varied between -0.6 per cent in Guatemala and -2.1 per cent in Nicaragua.

7. A major factor in these setbacks was a decline in the value of exports, which fell for the second consecutive year in Guatemala, Honduras, Nicaragua and Panama, especially as a result of the drop in exports of coffee (-8.7 per cent), bananas (-3.4 per cent) and sugar (-13.2 per cent). All the countries experienced deterioration in the terms of trade, in large part a reflection of the reduction in coffee prices, but in the case of El Salvador and Costa Rica, that was made up by an increase in the total volume of exports. However, and despite the drop in coffee prices and the higher cost of oil, the macroeconomic environment of the Central American isthmus in general could still be described as somewhat stable, with low rates of inflation, an exchange rate situation without major alterations, a slight shrinking of the fiscal gap and a current account deficit of the balance of payments similar to that for the previous year.

8. Thus, macroeconomic policy was restrictive, which led to a slowdown in internal demand, and was reflected in a slight drop in inflation, which went from 6.5 per cent in 2001 to 5.8 per cent in 2002. Three countries (Guatemala, Honduras and Nicaragua) made agreements with the International Monetary Fund. Except in Costa Rica, fiscal imbalances were lower than the year before, but monetary policy was highly restrictive, with the goal of ensuring price and exchange rate stability, and to avoid larger external imbalances. The fragile situation of the financial sector in some of the economies (Guatemala, Honduras and Nicaragua) and greater demands from regulatory frameworks led the banks to adopt a more conservative approach to granting new credits. At the same time the unfavourable growth forecasts limited the demand for loans. The level of loans remained depressed, although in general real interest rates dropped, in keeping with the recession being experienced.

9. Restrictive macroeconomic policy, combined with a slowdown in exports, explains the lower economic growth in Central America. In turn, the lower pace of growth had negative repercussions on the job market. Levels of unemployment and underemployment rose in almost all countries, mainly owing to the trend in exports, especially coffee. With the exception of Panama, the other countries witnessed an increase in the minimum wage. Likewise, in some countries (like Costa Rica and Nicaragua) salaries rose in the public sector. However, information available on salaries points towards a decline in average real wages.

10. The slow recovery in international coffee prices and the general delays experienced in implementation of support programmes heightened the difficult situation which the region's coffee sector was undergoing. Unemployment in that sector rose to critical levels, salaries contracted and export income continued to decline. The emergency was aggravated by the fact that most coffee producers own small plots, live in remote rural areas and depend in large part on their crop and the income from the seasonal work of picking the beans. The crisis contributed to the downturn in economic activity in the rural sector, intensified migration to urban areas and heightened social tensions in some areas. Its effects were also reflected in the macroeconomic sphere in the form of lower tax revenues and loss of export income, which had an impact on commercial accounts for the balance of payments and increased the general need for external financing. In some countries the debt in the coffee sector and sluggish loan activity weakened the financial sector, limiting banking activity and financing for other sectors.

11. In 2002 the regional current accounts deficit reached 4.8 per cent of the regional GDP. Except in Honduras and Nicaragua, in the other Central American countries the trade deficit in goods and services rose considerably. Flows of independent financial capital dropped by some 3.8 per cent as a result of banking operations conducted by the International Banking Centre in Panama and the considerable decline which took place in two of the five Central American countries (Guatemala and Nicaragua). The most important component, income from foreign direct investment, declined by 25 per cent. The setback in foreign direct investment was mainly a result of such economic trends as the weak recovery in the international economy and the uncertainty surrounding the elections under way in some countries of the region or the social and political problems in others. Smaller official and private capital flows were insufficient to finance the current accounts deficit. The region thus suffered a small loss of international reserves.

12. One distinctive feature of 2002 was the announcement by the United States of America regarding the negotiations for a free trade agreement with the Central American countries as a group. The entry of most Central American exports into the market currently enjoys benefits which that country has granted unilaterally. With the entry into force of the agreement planned for 2004, the countries of the area seek stability and permanence for those benefits, as well as an increase in foreign direct investment coming both from the United States and from the rest of the world.

## III. Cooperation activities

13. The national programmes of United Nations agencies and the UNDP subregional programme were reviewed in the context of the dialogue and agreements established at the meetings of the Regional Consultative Groups, co-hosted by IDB and the Governments of Sweden and Spain, held in Stockholm from 25 to 28 May 1999 and in Madrid on 8 and 9 March 2001.

14. The Stockholm Declaration[1] expressed shared commitments to reducing the social and environmental vulnerability of the peoples of the region as the principal objective; the reconstruction and transformation of Central America on the basis of an integrated focus on transparency and governability; consolidation of democracy and good governance, reinforcing the process of decentralization with the active participation of civil society; promotion of human rights as a permanent objective,

with special attention to gender equality and the rights of children and of ethnic groups. Commitments were also made regarding the coordination of donor activities and the renewal of efforts to reduce the external debt of countries in the region.

15. The Regional Consultative Group for strengthening integration and cooperation in Central America, meeting in Madrid in March 2001, established four main regional objectives: (a) the reduction of social, economic and environmental vulnerabilities; (b) the transformation of productive sectors; (c) sustainable management of natural resources; and (d) increased participation of civil society in development. At that meeting, the Secretary-General of the Central American Integration System presented the regional strategy entitled "The transformation and modernization of Central America in the twenty-first century".

# IV. Peace and democratic governance

## A. Support for consensus-building processes

16. In El Salvador, Guatemala and Nicaragua, the United Nations system continued to promote peace-building and the reaching of consensus on the difficult reforms needed to address the root causes of the Central American conflict. UNDP has played a central role in mobilizing external and internal resources for peace and in coordinating United Nations and international assistance for peace processes. In addition, it has worked alongside the Department of Political Affairs of the Secretariat to formulate common positions on key issues related to the peace processes. The United Nations Children's Fund (UNICEF) has supported post-conflict activities, the implementation of the Convention on the Rights of the Child, women's and human rights and the promotion of human development.

17. Because of the progress of the peace agreements in El Salvador, in December 2002 the Secretary-General informed the General Assembly that the United Nations verification activities were being brought to an end. UNDP has also been supporting a comprehensive programme to promote a culture of peace and monitor the possession and use of small arms, in order to tackle the enormous challenge of rising crime and violence.

18. The work of the United Nations system in Guatemala, in fulfilment of its peace-building mandate, is wide-ranging. Verification of the fulfilment of the agreements is in the hands of the United Nations Verification Mission in Guatemala (MINUGUA), while the agencies, funds and programmes as a whole contribute to peace-building by promoting development. The peace dividend is demonstrated in the first Millennium Development Goals progress report, which shows advances towards several of the goals: the peace agreements have resulted in greater social spending and in reforms which have improved access to education and health care. Another advance is the five national human development reports, which have made a valuable contribution to the formulation of public policies because they were compiled using participatory methods and accurately identified the social and economic problems which the country faces.

19. With the aim of strengthening the culture of peace and overcoming the serious levels of confrontation and polarization, the United Nations system and the Organization of American States (OAS) agreed to facilitate six round-table meetings

in 2003 on the peace-related matters which were furthest from being settled: promotion of a culture of peace and reconciliation; identity and rights of indigenous peoples; human rights, justice and public security; the new defence policy; rural development; and economic development. Under their mandates, the various agencies are involved in the reform of education, the health-care system, pilot land-registry programmes, strengthening the National Civilian Police, and support for the drafting of a large number of laws for the modernization of the State.

20. UNDP in Guatemala serves as the secretariat of the Dialogue Group, which consists of the 12 main bilateral and multilateral donors, the international financial institutions and MINUGUA. The Group conducts important political coordination and maintains close dialogue with the country's most senior authorities, civil society, political parties and business.

21. In Nicaragua, UNDP, with the support of the Department of Political Affairs, has helped the Government to analyse and prepare proposals for radical reform of the judicial and electoral systems as part of the Bolaños Government's efforts to fight corruption and consolidate democratic institutions.

22. In Honduras, the United Nations system identified geographical regions for decentralization purposes, in order to select activities for joint implementation. Unified assistance was also given to strengthen the national statistical system. A national commission was established in 2002, under the Forum for Strengthening Democracy, to monitor fulfilment of the National Agreements signed by the political parties in 2001. A series of high-level democratic dialogue meetings involving the Government, civil society and international donors was held. In 2002, a programme for the institutionalization of political parties in Honduras was launched; it involved leaders, representatives and young people, and training programmes on democracy and development were held for journalists.

23. In Panama, a large group was formed as a result of a citizens' initiative in order to follow up the 2020 national vision, established by consensus in 1997 as part of an effort launched by UNDP. Over 20 civil society organizations, the Government and political parties met as part of what was termed the Foro Panamá 2020 (2020 Panama Forum), which in 2002 contributed funds (a) to draw up a new constitution, (b) to draw together contributions for a National Integrity Plan and (c) to establish benchmarks by which to gauge the progress of the national vision. Panama also made secured important agreements in relation to education, against the background of a process of dialogue launched by UNDP at the Government's request for the integral transformation of the national education system. Ten months of intense debate involving government bodies, the private sector, civil society and the political parties produced reform in key fields, such as decentralization of education, funding, training, evaluating implementation and developing the curriculum. The Legislative Assembly has already approved two laws connected with the agreements resulting from the dialogue.

24. In Costa Rica, UNDP promoted two policy dialogue events focusing on democratic governance in 2002. The theme of the first was policy negotiation and consensus-building within the Legislative Assembly. The second was a citizens' forum on judicial reform, co-sponsored with the bar association.

### B. Strengthening of democratic institutions

25. In Honduras, UNDP has also promoted the basic principles of good governance, including transparency, the separation of the executive, judicial and legislative branches of Government, administrative systems, decentralization and scope for public participation. In concrete terms, UNDP helped with the reform of institutions which played a key role in strengthening democracy: Congress, the Supreme Court, the National Electoral Tribunal, the political parties, the National Human Rights Commissioner's Office, the Public Prosecutor's Office and the armed forces. Assistance was provided to modernize the armed forces. The first international audit of the military social security institute was held, and it and the companies connected with it were the target of financial reform. Those efforts brought the armed forces and civil society closer together after a separation brought about by the human rights abuses of the past. UNDP also helped to launch the National Statistics System Law, special legislation on the human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS), the National Statistics Institute and the National Institute for Women.

26. In El Salvador, after helping to draft a national strategy for local development, UNDP helped to develop the Social Investment Fund's local development programme. It helped to develop instruments to give municipalities wider opportunities to draw on domestic funding and international loans. The cooperation network of multilateral and bilateral agencies concentrating on local development was refocused and turned into the Donor Network for Local Development. UNDP also assisted in planning and programming investment, in promoting economic development and in land-use planning in the departments of Sonsonate, Usulután and Chalatengo.

27. In Guatemala, the United Nations system acted to promote human rights. Under the leadership of the Resident Coordinator, and with the Office of the United Nations High Commissioner for Human Rights, it worked to strengthen the Office of the Human Rights Procurator, the Presidential Human Rights Committee and the civil society organizations working in that field. The Ministry of Government, assisted by UNDP, drew up a Civilian Intelligence System bill. UNDP, assisted by the Government of Japan, also promoted the institutional consolidation of the Office of the Comptroller General, the Office of the Human Rights Ombudsman, the Attorney General's Office, the National Police and the Supreme Court. In Nicaragua, UNDP has been helping the Government to draw up strategy guidelines for citizens' security, its main policy instrument in that field and a means to facilitate coordination between the institutions of civil society and those of the State. UNDP also continued to help the National Police to implement the policy entitled "The Police, the Community and Human Rights".

## V. Economic and social development

### A. Social vulnerability and poverty eradication

28. At the Stockholm Consultative Group meeting, the Governments of the Central American countries agreed that the overriding goal of the reconstruction and transformation of the region lay in the reduction of social and ecological

vulnerability. The disaster caused by Hurricane Mitch and its disproportionate effect on the region's poor showed that the reduction of "vulnerability" must be based on an integrated, multidimensional approach, covering a wide array of developmental issues. It meant addressing poverty alleviation, education, health, food security and environmental risks, as well as inequality based on income, gender or ethnicity.

29. In the area of international cooperation, UNDP represents the multilateral institutions at the advisory council on the Poverty Reduction Strategy in Honduras, a body which also provides for participation by the Government, civil society and the international community. UNDP also plays an active role on the board of donors that provides follow-up to the Strategy. Moreover, the Forum for the Strengthening of Democracy has provided a framework for dialogue and cooperation on poverty reduction, with the full participation of civil society. Similarly, UNDP has supported poverty-reduction interventions at the local level in rural areas. Through the Anti-Poverty Partnership Initiative, UNDP has supported the strengthening of the relation between poverty reduction and local development by preparing strategic plans for departmental development that take into account the goals of the Strategy and the millennium goals and objectives.

30. In Guatemala, the United Nations system, through the United Nations Population Fund (UNFPA) and UNDP, has provided technical assistance for the completion of population, housing and farming surveys. Moreover, UNDP, together with the Ministry of Public Finance and the World Bank, has promoted the Integrated Financial Management System, which strengthens the management and transparency of public resources. Jointly with the World Bank and IDB, an analysis of the current limitations in the agricultural export model especially affected by the coffee crisis was conducted, and a proposal was made for new wealth- and job-producing production sectors. Through the Anti-Poverty Partnership Initiative, UNDP has also provided technical assistance to the General Secretariat for Planning with regard to the Poverty Reduction Strategy and to the consultations carried out in that regard at the departmental and municipal levels.

31. In El Salvador, the preparatory stage of an empowerment programme for adolescent women was completed in 2002 under the coordination of the Food and Agriculture Organization of the United Nations, the Pan-American Health Organization (PAHO), UNICEF, UNFPA and UNDP; the programme will promote a strategy of gender equity. In Nicaragua, UNDP is developing a novel initiative between the Government and the private sector to create an investment promotion agency aimed at making Nicaragua into a trading partner with all the countries of the world and a centre of interest for international enterprises.

32. In Costa Rica, UNDP's basic contribution in the area of poverty alleviation is linked to the use of information technology to enhance the efficiency of social investment. The principal achievements include support for the Objective Population Information System, through which public resources can be allocated effectively to the poorest population groups.

33. During the period under review, the ECLAC subregional headquarters in Mexico provided support to the Central American member States in the form of applied research, technical assistance and training in the fields of labour markets, economic and social vulnerability in youth, family remittances, gender and social indicators. In coordination with UNFPA and using the resources of the United Nations Fund for International Partnerships, public discussion and study of

reproductive health and responsible parenthood have been promoted in six Central American countries. The ECLAC subregional headquarters in Mexico also provided applied research and technical assistance concerning the effects of the Uruguay Round on agriculture, sustainability and rural development, agrarian structures and the peasant sector, rural social capital, and the impact of the fall in coffee prices, and published annual agricultural statistics.

## B. Agricultural development

34. The Regional Unit of Technical Assistance for agricultural development has continued its operations during the period under review. This UNDP-administered project is executed by the World Bank and financed by the World Bank and the Government of Japan Trust Fund, IDB, the International Fund for Agricultural Development (IFAD), the Inter-American Institute for Cooperation on Agriculture, FAO and the Governments of Norway and the United Kingdom, in addition to in-kind contributions by Central American Governments. In direct contact with the ministries of agriculture, the project continues to provide assistance in developing policies and programmes for the modernization of the agricultural sector, with emphasis on poverty reduction and sustainable development.

35. In Honduras, UNDP provided support to the Secretariat for Agriculture and Livestock in 2002 in proposing and formulating local development policy instruments and strategies in mainly rural regions, especially in those seeking to correct income imbalances and skewed growth rates, as well as non-sustainable or inappropriate use of natural resources. Moreover, UNDP and the Central American Bank for Economic Integration will draw up new initiatives for sustainable rural development as prioritized by the Government of the Republic.

36. Aiming to strengthen cooperation in issues of agricultural development and food security, FAO opened an office in Guatemala, and has already conducted a large-scale programme to develop forestry resources. For its part, the United Nations Industrial Development Organization is promoting clean-production programmes to restrict the effects of sources of pollution. In El Salvador, a new phase of rural development for the West of the country was launched in cooperation with the Ministry of Agriculture and Livestock and IFAD. ECLAC and UNDP supported the institutional reinforcement programme of the above-mentioned Ministry.

## C. Health and nutrition

37. PAHO/World Health Organization works to support the objectives of ALIDES in the health sector. During the period under review, it has provided support in strategic areas such as health and human development, health systems and services, health promotion and protection, environmental protection and disease control and protection. For their part, UNICEF, the World Food Programme (WFP) and UNFPA are actively working at both the national and the local levels to improve health in such areas as maternal and child health, water and sanitation, food security and nutrition, and reproductive health.

38. In Nicaragua, the PROSILAIS project for local integrated health systems was implemented in areas of serious or severe poverty, with technical and administrative support from PAHO/WHO and UNICEF and financial assistance from the

Government of Sweden. The project was coupled with the Institutional Plan of the Ministry of Health and the Enhanced Strategy for Economic Growth and Poverty Reduction, and gave priority to the most vulnerable municipalities. It took steps to reduce maternal and infant mortality and monitor and prevent malaria and dengue fever, and took cross-cutting action in the areas of strategy planning, monitoring of the epidemiological situation, disaster prevention and mitigation, immunization and human resources instruction and training, with a risk and gender focus.

39. In Guatemala, PAHO/WHO and UNDP are working with the Ministry of Public Health to implement various programmes financed by IDB and the World Bank. They have helped to increase immunization coverage to over 95 per cent, with 600,000 more individuals having been immunized since 2001. Because irregular patterns of rain and the negative effects of the coffee crisis have limited the ability to buy food, WFP, FAO, UNICEF, PAHO/WHO and UNDP have launched food security and irrigation programmes. In conjunction with IFAD, an ambitious rural development project has been formulated for the five departments of the altiplano with the most poverty, indigenous population and areas affected by the past armed conflict. UNFPA has provided technical assistance for the drafting of the Social Development Policy Law, which has encouraged significant progress in education and in health, with a particular focus on women and children.

40. In 2002, UNFPA assistance in El Salvador was directed at improving health care by helping to formulate and implement sectoral policy and standards for health and reproductive and sexual rights and by providing training for higher quality reproductive and sexual health services.

41. UNFPA also contributed to inter-agency efforts with PAHO, UNICEF, the German Agency for Technical Cooperation, the United States Agency for International Development and other donors to formulate the 2003 Family Health Survey.

42. An important inter-agency theme is HIV/AIDS. The Joint United Nations Programme on HIV/AIDS (UNAIDS) is playing a major role in supporting the national strategic plans, coordinating United Nations efforts and linking with non-governmental organizations (NGOs) and civil society.

43. In all the countries of the Central American isthmus, the United Nations system has bolstered national efforts to put forward proposals for the Global Fund, helping to coordinate dialogue with civil society to build a national consensus while also providing technical assistance.

44. The United Nations system has also worked to increase food security. In Nicaragua, the Institute of Nutrition for Central America and Panama/PAHO is continuing to improve local implementation of the food security and nutrition strategy, and has worked with other United Nations agencies (WFP, UNICEF and FAO) to tackle the emergency in the coffee-growing areas caused by the coffee crisis. Particularly significant was the support which Nicaragua received to supply health-care services near its borders with Honduras and Costa Rica (resolution XI of the eighth Central American health sector meeting). WFP has been helping the school population and vulnerable groups, particularly pregnant women in rural areas. In Honduras, WFP was directly involved in the national nutrition and food security programme. FAO has taken action through programmes to improve agriculture in general, in order to try to reduce hunger. In the area of migration,

which includes the phenomenon of people displaced as a consequence of natural disasters and of unfavourable socio-economic conditions, The International Organization for Migration is implementing a series of initiatives in Honduras, Nicaragua, Guatemala and Costa Rica, aiming at economic and social integration of the migrant populations.

## D. Public finance and economic growth

45. During the period covered by the present report, the ECLAC subregional headquarters in Mexico has supported ALIDES in the analysis of economic growth, public policy and development by producing annual reports on the current economic situation of each country and each subregion, the productive sector, trade policy and regional integration, publishing statistics on production, agriculture, trade and energy, and conducting studies on economic integration, free trade agreements, foreign investment, competition and regulatory policy, competitiveness of small and medium businesses and links to tourism. It has also conducted research and training programmes in the field on wholesaling and regional electricity markets, regulation of the distribution of private electric power and integration of the hydrocarbons market, the latter with the financial support of IDB.

46. ECLAC has also provided technical assistance to the Consultative Group for Small Economies of the Free Trade Area of the Americas, through a Tripartite Committee with IDB and OAS, especially in the development of a hemisphere-wide cooperation programme. The Office has also provided technical assistance to the Central American countries with regard to the Free Trade Agreement between Central America and the United States.

## E. Environment and sustainable development

### Reduction of environmental vulnerability

47. During the period under review, the United Nations system has coordinated with the Central American Governments and regional institutions in establishing mechanisms for disaster prevention and mitigation, both at the national and regional levels. The United Nations disaster management teams have worked to improve the overall coordination, and to incorporate provisions for pre-disaster contingency planning, assessment, targeting and implementation, logistic management, funding, reporting and information-sharing. In Panama, under the Regional Programme for Risk Management in Central America executed by the regional Centre for Coordination of the Prevention of Natural Disasters in Central America, some progress was made in 2002 in the process of establishing two of the national boards.

48. In El Salvador, UNDP offered technical assistance in 2002 in drawing up an Institutional Development Plan and starting consultations on the National Risk Management Strategy. It also promoted the formation of partnerships with local development institutions, and a training programme on risk management for community leaders, local public officials and directors of non-governmental organizations was conducted. As part of its ongoing support to the Ministry of Agriculture and Livestock for the reconstruction of rural areas destroyed by the earthquakes of 2001, UNDP contributed to the reconstruction of infrastructure for flood control, as well as small-scale productive infrastructure.

49. In Nicaragua, UNDP has continued to support the strengthening of the National System for Disaster Prevention, Mitigation and Relief through human resources training and a process that starts with the organization and sensitization of municipal disaster prevention committees and continues through the inclusion of risk management factors in municipal planning. The United Nations system has also developed various emergency humanitarian assistance projects in response to the repeated droughts and flooding in Chinandega and Managua and in the North Atlantic Autonomous Region, and to address the coffee crisis in the north of the country. Emergency funds from various donors like Austria, Italy and Sweden were channelled through the Office for the Coordination of Humanitarian Affairs. During 2002, UNDP in partnership with the Centre for Coordination of the Prevention of Natural Disasters in Central America promoted improvements in communication and coordination among State agencies and with civil society, and started conversations and partnerships for the inclusion of risk management factors in national policies. Since 2002, the United Nations system, in coordination with the Office for the Coordination of Humanitarian Affairs and the Bureau for Crisis Prevention and Recovery, is preparing an inter-agency contingency plan using a participatory and consensus methodology, which improves the organization and coordination among United Nations system agencies in the country, given the existing threat scenario.

50. With the support of the Global Environment Facility, UNDP Guatemala offered assistance to the Ministry of the Environment in developing strategies on climate change and biodiversity. As part of its support for the preparations for the World Summit on Sustainable Development, held in Johannesburg, UNDP and the Ministry of the Environment presented the first national communication on climate change. Currently, national capacity and institutional development are being strengthened for the buying and selling of carbon dioxide. The European Union and UNDP are funding the execution of a project on the establishment of a national water authority and regulatory legislation for such resources. In Honduras, during 2002 UNDP targeted its cooperation towards the areas of environment and risk management for the development of strategic initiatives to promote clean energy, their impact on the production sector and risk management. Finally, new areas for work were identified: integrated water resources management and conflict management.

51. During 2002, UNDP successfully supported the strengthening of the small grants programme, with which it supported local poverty and ecotourism initiatives, thereby reaching critical populations and creating development opportunities. The Renewable Energy Project was also finalized, which will result in full electrification in Costa Rica by using photovoltaic and mini-hydroelectric sources.

52. WFP has strengthened cooperation between humanitarian and disaster relief assistance in the framework of the reconstruction undertaken in the wake of Hurricane Mitch and other natural disasters (such as droughts and earthquakes) that affected the Central American countries during 2001 and 2002.

53. With support from the Government of the Netherlands, ECLAC developed and refined the methodology for and published a manual on assessment of the impact of natural disasters, which was accompanied by a training programme for national and subregional institutions in Central America. In addition, an assessment of the impact

of the drought that had affected the Central American isthmus in 2001 was conducted.

54. Under the framework of ALIDES and the Millennium Development Goals, ECLAC has strengthened its research activities in the area of sustainable development to include an analysis of the economic costs of health problems related to water contamination, environmental goods and services in the context of multilateral trade negotiations, and environmental management in the garment and ecotourism industries. With the support of the Government of Germany, research was conducted and assistance was provided in the area of environmental and safety standards for the supply of liquid gas and on the rational use of hydrocarbons and environmental protection, including handling of waste lubricants.

55. The Central American region is characterized by disasters, climatic earthquakes, volcanic eruptions and civil conflicts that have a direct impact on the poorest populations in rural areas. The recurrent nature of these events makes it difficult for the countries and their populations to recover from one event before another strikes. The country programmes and development projects include, as one of the main objectives, enabling poor households in disaster-prone areas to invest in development activities aimed at reducing vulnerability to recurring drought, flood and deforestation by adopting soil and water conservation practices on their farms and investing in training in community initiatives for disaster preparedness and mitigation, and enhancing the disaster response capacity at the national and local level through greater participation of communities and other relevant stakeholders.

**The Meso-American Biological Corridor and the Central American Fund for Sustainable Development**

56. The Meso-American Biological Corridor initiative, which has been under way for three years, aims at creating a system of corridors to protect biodiversity and mitigate the effects of climate change and also promoting long-term sustainable development of the communities living in and around the corridor system. National biological corridor programmes have been established in the eight countries of the subregion. In El Salvador, for example, in order to respond to the National Biodiversity Strategy, UNDP offered technical assistance to the Ministry of the Environment to build capacity to participate in access to global genetic resources. Also, as part of a corporate initiative, UNDP began a dialogue process on water and governance in cooperation with the Global Water Partnership.

57. The Meso-American Biological Corridor now has an improved management capacity and a series of partnerships, conventions and other cooperation and co-financing arrangements with key projects, agencies and institutions in all the countries and its own network of partnerships is being built at the regional level. It has been possible to establish bi-national and tri-national dialogues in order to address matters of common interest regarding protected areas in border regions, by promoting various joint planning and management activities. In addition, information on successful experiences in the area of conservation and sustainable use of biodiversity throughout the region has been compiled and disseminated, in addition to the topics of economic appraisal, payment for environmental goods and services, and environmentally friendly systems and practices. Finally, technical and informational material has been published to promote broad understanding and support for the corridor initiative.

# VI. Conclusions and recommendations

## A. Conclusions

58. In Central America, non-reimbursable cooperation has been reduced significantly in the regional and national context over the past two years. Donor countries have targeted their work at the national level, focusing on some themes common to the region as a whole, which include seeking consensus and dialogue to strengthen the culture of peace, democratic governance, reducing social and environmental vulnerability, and poverty eradication. In order to cover their investment priorities, the Central American countries have found themselves forced to increase their levels of debt. Furthermore, as a result of natural disasters and the crisis in the coffee sector affecting the region in recent years, domestic resources for investment have declined considerably. All of this has taken place in a competitive international context, where the Central American economies, both individually and collectively, have been going through a process of economic restructuring aimed at their appropriate integration into the world economy.

## B. Recommendations

59. The international community is urged to offer concessional support for the reintegration of Central America into the world economy, and for its political and economic integration. Central America requires continuity in bilateral and multilateral cooperation in two priority areas: strengthening of democracy and its institutions and support to the dialogue and consultation process; and overcoming poverty throughout the region. In particular, there is a need for firm support and monitoring of the fulfilment of the Peace Agreements in Guatemala, and the full consolidation of the peace process in Central America. Other priority areas requiring international cooperation and assistance in the region as a whole are food security, health care and the promotion of sustainable development and the environment.

*Notes*

[1] See www.iadb.org.